



Ontario  
Energy  
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**BY EMAIL**

September 9, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Wataynikaneyap Power LP (WPLP)  
2025 Electricity Transmission Rates  
OEB Staff Interrogatories  
Ontario Energy Board File Number: EB-2024-0176**

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Wataynikaneyap Power LP's responses to interrogatories are due by September 27, 2024.

Any questions relating to this letter should be directed to Katherine Wang at [Katherine.Wang@oeb.ca](mailto:Katherine.Wang@oeb.ca) or at 416-440-7619. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Katherine Wang  
Senior Advisor, Generation & Transmission

cc. WPLP  
Encl.

**Wataynikaneyap Power LP (WPLP)  
2025 Transmission Rate Application  
EB-2024-0176  
OEB Staff Interrogatories  
September 9, 2024**

Please note, WPLP is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

**Staff-1**

**Ref.:** Exhibit A

**Preamble**

The application does not provide Schedule 4 of WPLP's 2023 tax return used to confirm loss carryforward balances.

**Question(s)**

- a) Please provide Schedule 4 of WPLP's 2023 tax return.

**Staff-2**

**Ref.:** Exhibit A / Tab 3 / Schedule 1 / page 2

**Preamble**

The application states that:

WPLP continues to be engaged in commercial discussions with its EPC contractor, regarding costs under the EPC Contract in relation to COVID-19 impacts and related access matters, the outcome of which will ultimately be recorded in the previously approved EPC COVID-Related Construction Costs Deferral Account.

**Question(s)**

- a) Please briefly discuss the current status of the commercial discussions with the EPC contractor, Valard.

- b) Is there any update as to when to expect to conclude the above noted commercial discussions with Valad?
- c) In which rate year's revenue requirement application, does WPLP expect to request disposition of the EPC COVID Account? (Please provide WPLP's estimation based on best information available.)

**Staff-3**

**Ref.:** Exhibit A / Tab 3 / Schedule 1 / page 7  
Exhibit I / Tab 4 / Schedule 1

**Preamble**

The application states that:

The distribution of federal funds to the independent Trust occurred on June 25, 2024, and WPLP anticipates that a portion of the independent Trust proceeds will be provided to WPLP to be applied as a Contribution in Aid of Construction (CIAC) on or around July 17, 2024.

**Question(s)**

- a) Please indicate if the above noted funds has been applied as a CIAC. If yes, when were they received and applied as CIAC? (Please provide the date.) Please indicate the amount received.
- b) If the CIAC payment will not be received this year, please provide bill impacts in the format of the table in Exhibit I-4-1, page 2, Table 1.

**Staff-4**

**Ref.:** Exhibit A / Tab 5 / Schedule 1 / pages 4-6

**Preamble**

The application states that WPLP needs to complete a sequence of seven steps to be able to file its first multi-year revenue requirement application.

**Question(s)**

- a) Please explain what the risk would be if WPLP were to operate in a multi-year framework without its long-term financing in place.

- b) Please explain whether WPLP explored the potential use of deferral and variance accounts to address the long-term financing risk noted in a).

**Staff-5**

**Ref.:** Exhibit B / Tab 1 / Schedule 2 / page 2, page 15  
EB-2018-0190 / Post Hearing Filings / Semi-Annual Report on CWIP  
Account and Backup Supply Arrangements (2022/04/18) / page 11

**Preamble**

In its semi-annual report on CWIP Account and Backup Supply Arrangements filed on April 18, 2022, WPLP stated that Backup Power Working Group (BPWG) has been disbanded.

In the current application, WPLP states that they continue to work with BPWG to address the OEB's request for additional information which relates to reliability levels and the ability to supply load identified in each community's Emergency Response Plan.

**Question(s)**

- a) Please confirm that the BPWG no longer exists, and if not, who WPLP has been working with to address the OEB's request for additional information.

**Staff-6**

**Ref.:** Exhibit B / Tab 1 / Schedule 2

**Preamble**

WPLP anticipates that it will file an initial TSP in conjunction with its first multi-year revenue requirement application.

**Question(s)**

- a) Please explain why an initial TSP can't be provided sooner than in conjunction with WPLP's first multi-year revenue requirement application.

**Staff-7**

**Ref.:** Exhibit B / Tab 1 / Schedule 3 / page 4

**Preamble**

WPLP states that construction of the Project is substantially completed and there are no longer any schedule risks or contingency/mitigation matters at issue.

**Question(s)**

- a) Since all assets are now in service, please identify which parts of Project construction are still not completed and if any additional contingency is required.

**Staff-8**

**Ref.:** Exhibit B / Tab 1 / Schedule 4 / page 14

**Preamble**

In relation to its Emergency Response Plan, WPLP states “In all outage response scenarios experienced and simulated to date, the use of helicopter services has allowed internal staff to cover large distances quickly to confirm the location and cause of outages”.

**Question(s)**

- a) Please describe the outage response scenario process. Please include how often scenario analysis is performed and if applicable, how many scenarios are typically analyzed.

**Staff-9**

**Ref.:** Exhibit B / Tab 1 / Schedule 4 / page 13  
EB-2023-0168 / Applicant’s Interrogatory Responses / Board Staff 06

**Preamble**

WPLP indicates that it has procured PowerTel Utilities Contractors Limited to provide services for inspection, maintenance and emergency response activities.

WPLP states that further to the inspection, maintenance and emergency response procurement process, to satisfy the immediate need for 24/7 control operations, WPLP executed an agreement for Hydro One Networks Inc. to provide control room services for an interim period until such time that WPLP develops its own control room.

**Question(s)**

- a) What is the forecasted annual cost of the contract with PowerTel Utilities Contractors Limited to provide inspection, maintenance and emergency response services for the years 2024, 2025, 2026? Please provide a breakdown of the costs by sub-category.
- b) Please compare projected 2024 costs for PowerTel Utilities Contractors Limited services to the estimated cost of \$6,116k as stated in the response to Board Staff – 06 (EB-2023-0168 Interrogatory Responses) and explain any variance over 5%.
- c) What is the forecasted 2025 annual cost of the interim control room services? Please compare this number to the forecast \$2.7 million provided as part c) of the response to Board Staff – 06 (EB-2023-0168 Interrogatory Responses) and explain any variance over 5%.
- d) When does WPLP anticipate having its own control room in service?

#### **Staff-10**

**Ref.:** Exhibit B / Tab 1 / Schedule 2 / page 5  
Exhibit B / Tab 1 / Schedule 5 / page 11

#### **Preamble**

On page 5 of Schedule 2, WPLP states that since June 26, 2023, WPLP approved 8 change orders related to design changes, contract terms, and routing changes.

On page 11 of Schedule 5, Table A-2 lists EPC Contingency + Change Order costs of \$115,892k.

#### **Question(s)**

- a) Please provide a detailed breakdown including description and cost of each of the 8 change orders.
- b) Please separate the EPC Contingency Costs and Change Order Costs from the \$115,892k amount shown on page 11 of Schedule 5.

#### **Staff-11**

**Ref.:** Exhibit B / Tab 1 / Schedule 5 / page 7

#### **Preamble**

On Page 7, Table 2 provides an updated capital cost forecast in comparison to the capital cost forecast presented in the 2024 rate application.

**Question(s)**

- a) Please provide an explanation and a detailed breakdown of the variance of every line item in Table 2.
- b) Please explain why EPC Excluded costs are in the EPC Costs category in Table 2.

**Staff-12**

**Ref.:** Exhibit B / Tab 1 / Schedule 5 / page 1

**Preamble**

WPLP states that to focus the variance analysis on the Transmission Project, amounts do not include non-project costs such as other infrastructure costs that were included in Exhibit B-1-5 as filed in prior applications if they occur after 2024.

**Question(s)**

- a) Please list all the non-project costs for 2023, 2024, and 2025, identify any drivers of change, and explain any year over year differences over 5%.

**Staff-13**

**Ref.:** Exhibit B / Tab 1 / Schedule 5 / page 9

**Preamble**

WPLP provides a breakdown of overhead costs by item for 2019 to 2024. Total overhead costs are \$95,564k compared to \$103,460k as seen in EB-2023-0168, Exhibit B, Tab 1, Schedule 5, Page 25.

**Question(s)**

- a) Please provide an itemized annual breakdown of the overhead costs between 2019 to 2024.
- b) Please explain the variance in the overhead costs during the construction period in the current application and the previous application (EB-2023-0168).

- c) Specific to 2023 and 2024, for any item with cost increases of more than 5%, please briefly explain the reasons for the cost increase.

#### Staff-14

**Ref.:** Exhibit C / Tab 1 / Schedule 1 / Table 3

#### Preamble

The application states that given that construction of the Transmission Project is complete and all assets are in-service, WPLP has calculated the proposed rate base by applying the “half-year rule”.

#### Question(s)

- a) Please recalculate the 2025 rate base by applying a 12-month average of forecast monthly assets in-service as opposed to using the "half-year rule".

#### Staff-15

**Ref.:** Exhibit C / Tab 2 / Schedule 1 / pages 2-4 / Table 2 and Table 3  
Exhibit C / Tab 3 / Schedule 1 / pages 2-4 / Table 1 and Table 3

#### Question(s)

- a) In reviewing the four tables noted in the Reference above, it's noted that the 2024 balances in Table 2 and Table 3 of Exhibit C-2-1 reflects the approved and forecast 2024 Year-end Gross Assets (Transmission System Plant portion) balances (or Cumulative In-Service Additions), instead of the 2024 In-Service Addition amounts (as indicated in the table titles and context of the application). Please clarify what Table 2 and Table 3 of Exhibit C-2-1 represent and reproduce the two tables with appropriate titles accordingly.
- i. In Table 3 of Exhibit C-2-1, please confirm whether the header of “2022-2024 Approved” should be “2024 Approved” and make the correction accordingly.
  - ii. In Table 3 of Exhibit C-3-1, the balance in Account 1725 – Poles and Fixtures under Remote Connection Lines in amount of \$58,004k does not match the balance in Table 1 of Exhibit C-3-1 and Table 3 of Exhibit C-2-1. Please make necessary correction.
- b) For Section A of Exhibit C-2-1 in the application, please provide the 2024 In-



Service Addition (additions in one year) variance analysis for both Line to Pickle Lake and Remote Connection Lines (with tables and discussion about the variance drivers).

**Staff-16**

**Ref.:** Exhibit C / Tab 2 / Schedule 1

**Preamble**

**Question(s)**

- a) Between 2023 and 2024 (24 months), please provide a month-by-month breakdown of how many kilometers of transmission line have come into service.
- b) For the same time period, please also provide the number of stations that have come into service on a month-by-month basis.

**Staff-17**

**Ref.:** Exhibit C / Tab 2 / Schedule 1 / pages 3-4 / Table 4

**Preamble**

On page 3 of Exhibit C-2-1, in relation to Remote Connection Lines, the application notes that one of the main drivers for the variance between OEB-approved and forecasted in-service addition is the addition of 2023 audited COVID-19 costs transferred from 2021-2023 COVID Cost Deferral Account.

Page 4 of Exhibit C-2-1 includes “additional COVID costs incurred related to existing change orders and legal/consultant costs incurred in 2023 for COVID cost negotiations” in the variance analysis.

Table 4 of Exhibit C-2-1 indicates “COVID-19 costs” of \$2,464k in the total variance for Remote Connection Lines.

**Question(s)**

- a) Please confirm the statements in the first paragraph and second paragraph in the Preamble refer to the same COVID-19 costs added into 2024 In-Service Assets. If not, please explain with details.

- b) With respect to the \$2,464k COVID-19 Costs in Table 4, please provide breakdown/reconciliation with related supporting evidence.

**Staff-18**

**Ref.:** Exhibit C / Tab 2 / Schedule 1 / Appendix A

**Preamble**

Appendix A states that:

Pursuant to the settlement agreements in EB-2021-0134, EB-2022-0149 and EB-2023-0168, WPLP agreed to remove and defer the forecasted contingency amounts from its in-service year-end rate bases for 2022, 2023 and 2024, respectively. WPLP also agreed to establish a new deferral account to track the revenue requirement impacts associated with the amounts of contingency allocated to 2022, 2023 and 2024 in-service additions, to the extent that such contingencies are realized and do not exceed the amounts removed from rate base. In the current Application, because each of the project assets have been brought in service, WPLP is proposing to discontinue this approach and, as a result, has not removed any contingency costs for future in-service additions from its rate base.

**Question(s)**

- a) Please provide more explanation about the rationale of discontinuation of the existing approach.
- b) What will be the impact on the rate base if WPLP continued to remove and defer the forecasted contingency amount for in service year-end rate base for 2025?

**Staff-19**

**Ref.:** Exhibit C / Tab 2 / Schedule 1 / Appendix A / Table A-1

**Preamble**

The application states that this Appendix A describes how the capital costs are assigned to WPLP's various fixed asset accounts for the purpose of determining its 2024 in-service additions, however this methodology will no longer be used in 2025, given capital project will be complete in 2024.

Table A-1 provides a summary of total direct and allocated capital costs.

**Question(s)**

- a) Please review and update Table A-1 to address the following issues:
- a. It's noted that none of three amounts in the "Total" row of Table A-1 matches the sum of the individual amounts above it in the same column.
  - b. Footnote 1 (for the total of \$1,821,418) notes that "With reference to Table 3 (should this be Table 2?) in Exhibit B-1-5, this total is equal to the total project costs (\$1,833,186) less capitalized interest covered by CIAC of \$77,819.". The total of \$1,821,418 in Table A-1 does not equal the difference between \$1,833,186 and \$77,819.
  - c. The last row of Table A-1 is labeled as "Total costs to be allocated to 2025 In-Service Assets". Please confirm whether this should be 2025 In-Service Assets or 2024 In-Service Assets. If it is 2025 In-Service Assets, should there be a row added above it for "2024 Allocated Portion"? If not, please explain.
- b) Please reconcile the Total costs to be allocated to 2025 (or 2024) In-Service Assets amount in Table A-1 with data filed in "WPLP\_C-3-1\_2023-2025 FA Cont and Depr Sched\_20240628" excel file.

**Staff-20**

**Ref.:** Exhibit C / Tab 3 / Schedule 1 / page 2 / Table 1  
Exhibit C / Tab 2 / Schedule 1 / pages 2-5 / Table 2 and Table 3

**Preamble**

Table 1 of Exhibit C Tab 3 Schedule 1 includes a variance amount of \$70,073k for Sub-total Transmission System Plant.

**Question(s)**

- a) The variance for Sub-total Transmission System Plant in amount of \$70,073k does not equal the sum of the variances of individual System Plant accounts (\$71,020k), and it cannot be reconciled with Table 2 and Table 3 of Exhibit C Tab 2 Schedule 1. Please review and make necessary correction to Table 1. Otherwise, please explain for the discrepancy.

## Staff-21

**Ref.:** Exhibit C / Tab 3 / Schedule 1 / Appendix A  
Exhibit C / Tab 3 / Schedule 1 / page 6

### Preamble

The 2024 Fixed Asset Continuity Schedule – All Assets in Appendix A of Exhibit C-3-1 shows that the Account 1995 Contributions & Grants has an opening balance of \$(55,750,948) and an addition of \$(431,416,858) in 2024.

The second reference notes that WPLP proposes to add the Pikangikum Distribution System Assets to its fixed asset continuity schedule opening balances for 2024 and respective capital contribution, resulting in a nil impact to WPLP rate base and revenue requirement calculations.

### Question(s)

- a) Please confirm that the 2024 opening balance in Account 1995 Contributions & Grants in amount of \$(55,750,948) is the capital contribution for the Pikangikum Distribution System Assets.
- b) Please provide a detailed breakdown for the 2024 addition of \$(431,416,858) in Contributions & Grants and reconcile any federal funding amounts with evidence included in Exhibit I of this application.

## Staff-22

**Ref.:** Exhibit D / Tab 1 / Schedule 1 / page 3  
EB-2022-0149 / Exhibit F / Tab 1 / Schedule 1 / Appendix A

### Preamble

In its 2023 revenue requirement application, WPLP filed a benchmarking study that compared WPLP's OM&A expense levels on a per line kilometer and a per station basis relative to Canadian transmitters.

In the application, WPLP stated they filed a performance report on April 24, 2024, which included OM&A cost per kilometer of line and OM&A cost per station for the year 2023.

### Question(s)

- a) Please project the OM&A cost per kilometer of line and OM&A cost per station for years 2023, 2024 and 2025.
- b) Please compare the answers from part a) with the OM&A cost per kilometer of line and OM&A cost per station from the benchmarking study and explain any differences greater than 10%.

### **Staff-23**

**Ref.:** Exhibit D / Tab 1 / Schedule 1 / page 1

#### **Preamble**

WPLP intends to file an initial draft scorecard when applying for a multi-year revenue requirement for a future rate period. 2025 will also be the first year of all assets being in service.

#### **Question(s)**

- a) Please explain why it would not be feasible to file an initial draft scorecard at the end of 2025, regardless of when a multi-year revenue requirement is filed.

### **Staff-24**

**Ref.:** Exhibit D / Tab 1 / Schedule 1 / page 1  
EB-2018-0190, Decision and Order, page 33  
Exhibit A / Tab 3 / Schedule 1 / page 1

#### **Preamble**

WPLP proposes that its October 15, 2024 semi-annual report will be its final report on the CWIP account, operating plans and community energization dates, with subsequent reports, if necessary, being focused solely on backup power and IPA transfers until fully implemented.

The Decision and Order in EB-2018-0190 states that:

WPLP shall file a semi-annual report regarding its CWIP account and three associated sub-accounts. The first report shall be filed on October 15, 2019. Thereafter the report shall be filed every April 15 and October 15 until the CWIP account is terminated.

Footnote 1 on page 1 of Exhibit A-3-1 indicates that for four First Nations, the community connections are pending IPA upgrades and information transfers.

**Question(s)**

- a) Please confirm that the CWIP account will be terminated prior to the discontinuation of the semi-annual reports on the CWIP account.
- b) Please confirm that WPLP will continue to file semi-annual reports on backup power and IPA transfers until fully implemented.
- c) Please confirm that WPLP will continue to file semi-annual reports until those four First Nation communities noted in footnote 1 of Exhibit A-3-1 are fully energized by HORCI (IPA upgrades and information transfers are completed).

**Staff-25**

**Ref.:** Exhibit D / Tab 1 / Schedule 1 / pages 3 and 4

**Preamble**

WPLP proposes to further continue monitoring performance on the basis of previously agreed upon reliability metrics (as per EB-2021-0134) without establishing performance targets and to report to the OEB on such performance for each year, based on data as at year end, in approximately April of the year following until such time that WPLP files a more comprehensive performance measurement system as part of multi-year revenue requirement application for a future rate period.

**Question(s)**

- a) Please explain if it would be feasible to establish performance targets for the reliability metrics for the 2025 test year.

**Staff-26**

**Ref.:** Exhibit E / Tab 1 / Schedule 1 / page 2

**Preamble**

On page 2, the application states that for Muskrat Dam First Nation, Poplar Hill First Nation, Keewayin First Nation, and North Spirit Lake First Nation, community connections are pending IPA upgrades and information transfers and that their load forecasts are included in the 2025 rate application.

**Question(s)**

- a) What is the status of these community connections?

**Staff-27**

**Ref.:** Exhibit E / Tab 1 / Schedule 1 / pages 3 and 4

**Preamble**

On page 3, the application states:

1. WPLP does not have weather-normalized historical data.
2. To forecast charge determinants for the ten First Nations that are supplied by WPLP's transmission system, and which have historically been served by HORCI, the peak demand data for each month in 2025 was escalated by 4% annually from the most recently available data.

On page 4, the application states:

3. To forecast charge determinants for the six First Nations that have been historically served by IPAs, annual peak demand data was escalated by 4%, consisted with the expected level of growth identified in HORCI's 2018 backup power report.

**Question(s)**

- a) Please indicate when WPLP expects to have sufficient weather-normalized historical data available.
- b) Please indicate how the 4% peak demand escalation factor was derived as per item 2 above.
- c) Please confirm if there is a more recent backup power report available from HORCI.

**Staff-28**

**Ref.:** Exhibit F / Tab 1 / Schedule 1 / page 2  
EB-2022-0149, Settlement Proposal, page 20

**Preamble**

The Settlement Proposal in EB-2022-0149 states that:

The Parties also agree that WPLP will file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026. It is expected that the econometric benchmarking study will help overcome the limitations identified in the unit cost benchmarking study that was filed in the Application by allowing for appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics.

In Exhibit F Tab 1 Schedule 1 of this application, WPLP stated that:

WPLP made that commitment based on its expectation that such application would be WPLP's first multi-year revenue requirement application...

...WPLP has determined that it will not be in a position to file its first multi-year revenue requirement application in time for a 2026 test year. As such, WPLP proposes that its obligation to file an econometric benchmarking study be modified so as to apply in respect of its first multi-year revenue requirement application regardless of the year in which it occurs, as that is the application where the study would be of greatest value and to file the study sooner would be premature.

**Question(s)**

- a) Please discuss the need of this econometric benchmarking study. Why was the requirement of this study established in the EB-2022-0149 Settlement Proposal?
- b) What would be the relationship between the results of the econometric benchmarking study and the OM&A costs review in WPLP's transmission rates/revenue requirement application?
- c) Please explain why the study would be of greatest value in the first multi-year revenue requirement application, and why to file the study sooner would be premature.
- d) Are there any factors affecting WPLP's ability to file the study in 2025 within its 2026 transmission rates application?

**Staff-29**

Ref.: Exhibit F / Tab 2 / Schedule 1  
EB-2023-0168  
EB-2022-0149



EB-2021-0134

**Preamble**

Table 2 at the first reference indicates that WPLP’s 2024 total OM&A budget (as reduced per EB-2023-0168 settlement agreement) is \$29,378k.

**Question(s)**

- a) Please provide the proposed, approved and actual OM&A expense amounts in the following table. In the cell for “Actual 2024”, please provide the sum of the most up-to-date 2024 actual (as of September 2024) and current forecast for the remaining of the year.

<b>OM&amp;A Expenses (\$000’s)</b>				
	<b>2022 (EB-2021-0134)</b>	<b>2023 (EB-2022-0149)</b>	<b>2024 (EB-2023-0168)</b>	<b>2025 (EB-2024-0176)</b>
<b>Proposed</b>				
<b>OEB-Approved</b>				N/A
<b>Actual</b>				N/A

**Staff-30**

**Ref.:** Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2  
 EB-2023-0168, Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2  
 EB-2023-0168, Decision and Order, page 5

**Preamble**

Table 2 at the first reference indicates that WPLP’s 2024 total OM&A budget (as reduced per EB-2023-0168 settlement agreement) is \$29,378k.

Table 2 at the second reference indicates that WPLP’s 2024 total OM&A as proposed in the 2024 revenue requirement application is \$30,984k.

The Decision and Order in EB-2023-0168 stated that the Parties agreed in the settlement proposal to a reduction in proposed 2024 OM&A expenses by 5% (or \$1.5 million), to \$29.4 million.

**Question(s)**

- a) It's noted that a 5% reduction in the proposed 2024 total OM&A amount of \$30,984k (Reference 2) will result in \$29,435k total approved OM&A, which does not match the 2024 OM&A budget of \$29,378k in Reference 1. Please provide explanation for the discrepancy.
- b) If the 2024 OM&A budget amount has been adjusted after it's determined in the settlement proposal (and Decision and Order) in EB-2023-0168, please discuss the rationale for any adjustments.

### Staff-31

Ref.: Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2

#### Preamble

Table 2 – “2025 OM&A Cost Drivers” indicates the following significant increases from 2024 budget to 2025 forecast:

- Direct O&M Labour and Department Costs category is increasing from \$1.66 million to \$3.42 million.
- Substation and Line Routing Maintenance category is increasing from \$4.36 million to \$6.96 million.
- Emergency Response and Reactive Maintenance category is increasing from \$2.13 million to \$3.57 million.
- Forestry category is increasing from \$0.34 million to \$1.09 million (224% increase).

#### Question(s)

- a) Please explain the significant increases in the
  - i. Direct O&M Labour and Department Costs
  - ii. Substation and Line Routing Maintenance
  - iii. Emergency Response and Reactive Maintenance
  - iv. Forestry

### Staff-32

Ref.: Exhibit F / Tab 2 / Schedule 1 / pages 1-4

#### Preamble

The 2024 bridge year total OM&A expense shown in Table 2 of Exhibit F-2-1 are used as the starting point for 2025 test year OM&A cost driver analysis in this application. WPLP stated that “A comparison to 2022 and 2023 actuals is not considered valuable given the smaller number of assets in service in 2022 and 2023 relative to 2024, as well as that not all assets were in service for the entirety of each of these years.”

**Question(s)**

- a) Please provide a complete five-year OM&A forecast by replicating Table 2 for the years 2026 to 2028, if possible. If not possible, please explain what information is outstanding that prevents WPLP from providing a five-year OM&A forecast now.

**Staff-33**

**Ref.:** Exhibit F / Tab 2 / Schedule 1 / page 3 / Table 2  
Exhibit B / Tab 1 / Schedule 4 / page 15  
Exhibit B / Tab 1 / Schedule 2 / page 13

**Preamble**

Table 2 at the first reference indicates that costs for Indigenous Participation and Training are projected to decrease from \$2,976k to \$816k (a decrease of \$2,160k).

At the second reference, WPLP states that OSLP and Valard on behalf of WPLP delivered a variety of training programs to members of the Participating First Nations during the development and construction phases of the Transmission Project. WPLP also notes that its commitment to Indigenous participation is extending beyond the construction phase to all aspects of WPLP’s ownership and operation of the transmission system, and WPLP’s O&M strategy includes a focus on opportunities to extend training programs that were delayed by COVID-19.

**Question(s)**

- a) Please provide explanation for the significant projected decrease in costs for Indigenous Participation and Training from 2024 to 2025.
- b) Please provide a detailed breakdown of WPLP’s 2024 and 2025 costs in Indigenous Participation and Training (including individual programs and associated costs).

- c) For the changes between 2024 and 2025 identified in response to part b), please discuss how they are consistent with WPLP's Indigenous and Metis Engagement efforts discussed in Exhibit A-6-1 and Exhibit B-1-2.

**Staff-34**

**Ref.:** Exhibit F / Tab 3 / Schedule 1

**Question(s)**

- a) Please discuss WPLP's budgeting process for the planned 2025 OM&A. How did WPLP determine the need of resource for 2025 in each of its three expense categories (Employee Compensation, Shared Service & Corporate Cost Allocation, and Purchase of Non-affiliate Services)?

**Staff-35**

**Ref.:** Exhibit F / Tab 3 / Schedule 1 / pages 8-9 / Table 2

**Preamble**

Table 2 – "Employee Compensation Breakdown" shows that WPLP's 2025 Planed FTEs, as well as the associated compensation costs, are projected to decrease for both Management and Non-Management compared to 2024 Forecast.

**Question(s)**

- b) Please confirm the FTE numbers shown in Table 2 are average FTEs or year-end FTEs.
- c) Please provide a breakdown of both 2024 and 2025 FTEs into detail of positions. Please discuss and explain the changes between 2024 and 2025 on position level.
- d) Please update the "2024 Forecast" column of Table 2 (all the expense amounts) with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024 (please provide amounts pertaining to each of actual and forecast components).

**Staff-36**

**Ref.:** Exhibit F / Tab 3 / Schedule 1 / pages 12-13 / Table 3

**Preamble**

Table 3 – “Affiliate and Related Party Costs by Year” shows the 2020-2025 costs charged to WPLP from affiliates and related parties. The application states that affiliate costs are trending down and WPLP has continued to focus on cost savings as it has transitioned from capital project construction to full operations.

**Question(s)**

- a) Please update the “2024 Forecast” column of Table 3 with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024 (please provide amounts pertaining to each of actual and forecast components).
- b) Based on the updated table provided in part a), please confirm if the statement about affiliate cost trending referenced in the Preamble is still true.
- c) Based on the updated table provided in part a), please provide explanation for the variance between 2024 and 2025. What are the cost drivers? Please provide the associated changes in the services received (and to be received) from Fortis and OSLP and the rationale for the changes.

**Staff-37**

**Ref.:** Exhibit F / Tab 3 / Schedule 1 / page 15 / Table 5

**Preamble**

Table 5 – “Third-Party Costs by Year” shows WPLP’s 2020-2025 annual non-EPC costs related to the purchase of goods and services from third parties.

**Question(s)**

- a) Please update the “2024 Forecast” column of Table 5 with most up-to-date actuals (as of September 2024) and current forecast for the remaining of 2024.
- b) Based on the updated table provided in part a), please provide explanation for the variance between 2024 and 2025. What are the cost drivers? Please provide the associated changes in the third-party goods and services purchased (and to be purchased) and the rationale for the changes.

**Staff-38**

**Ref.:** Exhibit F / Tab 3 / Schedule 1 / page 15 / Table 5  
 EB-2023-0168, Exhibit F / Tab 3 / Schedule 1, page 15  
 EB-2022-0149, Exhibit F / Tab 3 / Schedule 1, pages 16-17

**Question(s)**

- a) Based on the information noted in the three references, it appears that there was a significant change (over 30% decrease) between the "forecast" and "actual" 2023 amounts for the following two cost categories:
- i. "Aboriginal Engagement, Indigenous Participation, Communication" and
  - ii. "O&M Service Providers".

For each of these two categories, please detail why there was a significant change. Please also elaborate, why the other cost categories did not see as significant a change (i.e., "Admin, Office, Fleet and Support", "Overheads and Easement/Access Fees" and "Consulting, Professional and Advisory").

**Staff-39**

**Ref.:** Exhibit F / Tab 5 / Schedule 1 / Appendix A  
 EB-2023-0168, Exhibit F / Tab 5 / Schedule 1 / Appendix A

**Preamble**

WPLP presented its loss carryforward balance as below, in their 2024 and 2025 revenue requirement applications:

<b>(\$000's)</b>	<b>2024 (EB-2023-0168)</b>	<b>2025 (EB-2024-0176)</b>
Opening Loss Carryforward	-36,849	-89,930 (B)
Losses (Incurred)/Utilized During the Year	5,069	-6,489
Closing Loss Carryforward	-31,780 (A)	-96,419

**Question(s)**

- a) OEB staff notes that the closing loss carryforward balance from 2024 and the opening loss carryforward balance of 2025 are different by \$58,150,000. Please refer to figures A and B noted in the table above.
  - i. Please review and confirm the forecast opening loss carryforward balance for 2025.
  - ii. Please identify the reason(s) for the differences from the previous application and update the evidence as applicable.
  
- b) WPLP has utilized tax loss carryforwards in prior years. Please provide a detailed schedule of tax loss carryforwards available for use in 2025. Please include the year of origination, amount utilized in 2025 and the remaining balance.

**Staff-40**

**Ref.:** Exhibit G / Tab 1 / Schedule 1 / pages 3-6  
Exhibit A / Tab 3 / Schedule 1 / pages 7-8

**Preamble**

The application summarizes the two changes made to the Trust Agreement (as included in the Amendment to the Trust Agreement) and states that “The impact of the two changes to the Trust Agreement is to materially reduce the financial impact of the Project for Ontario ratepayers.”

**Question(s)**

- a) Please explain in detail how each of the two changes to the Trust Agreement will reduce the financial impact of the Project for ratepayers.
  
- b) In the explanation provided for part a), please quantify the impact for each change to the Trust Agreement (compared to the scenario under original Trust Agreement).

**Staff-41**

**Ref.:** Exhibit G / Tab 1 / Schedule 1 / pages 3-6

**Preamble**

On page 3 of Exhibit G-1-1, the application states that

First, a portion of the independent Trust proceeds will be applied as a CIAC on or around July 17, 2024, thereby reducing WPLP's rate base in respect of the Remote Connection Lines. Second, the independent Trust proceeds will be used to help offset the impacts of the Remote Connection Lines on RRRP for Ontario ratepayers.

On page 6 of Exhibit G-1-1, the application states that once the amount of such rate base addition (EPC COVID-Related Costs Deferral Account disposition) is approved that this would trigger the requirement for the independent Trust to make another CIAC to WPLP for the approved amount, such that there would not ultimately be a rate base addition in respect of the disposition from the EPC COVID-Related Costs Deferral Account.

**Question(s)**

- a) For each of the two CIAC fundings discussed in the application, please confirm whether the federal funding is applicable only to the Remote Connection Lines.
- b) As the second CIAC is to offset the rate base impact of the EPC COVID-Related Cost disposition, will there be any portion of the second CIAC applicable to the Line to Pickle Lake component of the Project? Will all the second CIAC fund be applied as capital contribution? Please discuss how the second CIAC will make effects in the rate setting process and what is the rationale.

**Staff-42**

**Ref.:** Exhibit G / Tab 2 / Schedule 1  
EB-2024-0063, Notice, March 6, 2024  
EB-2024-0063, OEB Letter, April 22, 2024

**Preamble**

On March 6, 2024, the OEB commenced a hearing (EB-2024-0063) on its own motion to consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The methodology for determining the OEB's prescribed interest rates and matters related to the OEB's Cloud Computing Deferral Account will also be considered, including what type of interest rate, if any, should apply to this deferral account.



On April 22, 2024, the OEB approved the final Issues List for this proceeding, including the following two issues, amongst other issues:

18. How should any changes in the cost of capital parameters and/or capital structure of a utility be implemented (e.g., on a one-time basis upon rebasing or gradually over a rate term)?
19. Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?

**Question(s)**

- a) Please confirm that the applicant proposes to implement the outcomes from the OEB's generic cost of capital proceeding, including what the OEB decides with respect to implementation. If this is not the case, please explain.

**Staff-43**

**Ref.:** Exhibit G / Tab 2 / Schedule 1  
EB-2024-0063, OEB Letter, July 26, 2024

**Preamble**

On July 26, 2024, the OEB issued [a Letter and Accounting Order](#) regarding prescribed interest rates and the deemed short-term debt rate (DSTDR).

**Question(s)**

- a) Please confirm that the applicant will use the 2025 DSTDR to be set in October 2024 on an interim basis.
- b) Please confirm that the applicant will follow all other direction included in the OEB's Letter and Accounting Order issued on July 26, 2024, including the establishment of a new variance account for the DSTDR.

**Staff-44**

**Ref.:** Exhibit G / Tab 2 / Schedule 1 / pages 1-3  
Exhibit G / Tab 2 / Schedule 1 / page 1 / Table 1  
Exhibit G / Tab 2 / Schedule 1 / page 4 / Table 2

## Preamble

The application states that the debt structure between Ontario and Senior Banks changes from 66:34 to 46:54 given the CIAC contribution from the Trust is only used to pay down the Ontario Facility, as prescribed within Trust Agreement.

## Question(s)

- a) Please provide the calculation for the updated long-term debt structure between Ontario and Senior Banks of 46:54.
- b) Please provide the related reference in the Trust Agreement describing how the CIAC contribution should be used to pay down the Ontario Facility.
- c) With respect to Table 2 in Exhibit G-2-1, please provide detailed calculations for the 2025 Principal and 2025 Interest & Fees amounts for Ontario Facility and Senior Bank Facility.
- d) Please explain why the Total 2025 Principal in Table 2 (in amount of \$807,136,321) does not equal the Long-term Debt amount in Table 1 (in amount of \$707,844,885). Please provide explanation for the difference.

## Staff-45

Ref.: [Prescribed interest rates | Ontario Energy Board \(oeb.ca\)](#)  
WPLP\_H-2-1-A\_Continuity Tables for Deferral and Variance Account  
Recovery\_20240628.xls

## Preamble

The OEB released the Q3 2024 prescribed interest rate for deferral and variance accounts equaling 5.2%. WPLP is requesting final or partial disposition of audited balances of the following deferral and variance accounts as at December 31, 2023, plus forecasted carrying charges for 2024 and 2025:

Pikangikum Distribution System Deferral Account

In-Service Date Variance Account

Construction Period Interest Costs Variance Account

Deferred Contingency Deferral Account

2021-2023 COVID Construction Costs Deferral Account (CCFDA)

Construction Period OM&A Variance Account

OEB staff notes that Q2 2024's interest rate of 5.48% has been applied to the schedule beginning Q3 2024 and the entirety of 2025.

**Question(s)**

- a) Please update the forecast carrying charges for Q3 2024 and 2025 based on the OEB's published interest rate.

**Staff-46**

**Ref.:** Exhibit H / Tab 2 / Schedule 2 / page 5

**Preamble**

In this Application, in accordance with the OEB's determination in EB-2021-0134, WPLP is seeking to continue and (subject to any residual carrying charges) completing its recovery of the audited year-end 2020 balance of the CCCDA, together with applicable carrying charges, as an expense through disposition over a 4-year period (i.e. 25% in each of 2022, 2023, 2024 and 2025).

Accordingly, as indicated in Exhibit H-2-1, WPLP is seeking recovery of \$5,100,303 in 2025, which represents the final 25% tranche of the total audited 2020 year-end balance, plus applicable forecasted carrying charges. WPLP is proposing to maintain the account for purposes of tracking for future recovery of any residual carrying charges.

**Question(s)**

- a) Please confirm whether WPLP has forecast carrying charges for 2025 on the final tranche of the 2020 audited balance. If yes, why does it propose to maintain the account?
  - i. If no, would WPLP consider forecasting the 2025 carrying charges and discontinue the account?
- b) Please confirm that WPLP will not request for the true-up of any balance from the future recoveries.

**Staff-47**

**Ref.:** Exhibit H / Tab 2 / Schedule 2 / page 5

## Preamble

WPLP is seeking recovery of \$2.9M that have been incurred in relation to COVID through the 2021-2023 COVID deferral account. It states that the audited 2023 costs are comprised of WPLP's actual known COVID-19 Project costs under its EPC Contract in 2023, which were \$1.6 million, together with amounts incurred by WPLP outside of its EPC Contract but for purposes of participating in ongoing commercial discussions with the EPC Contractor, which by the end of 2023 was \$1.3 million.

## Question(s)

- a) Please provide a breakdown of the \$1.3 million incurred during the commercial discussions with its EPC contractor. What were the specific activities or services for which these costs were incurred?
- b) Please explain how the \$1.3 million in commercial negotiation costs meet the criteria for capitalization, particularly as they relate to asset creation or enhancement.
  - i. Did WPLP's external auditor review the \$1.3 million in costs and confirm their accounting treatment as capital costs?
- c) Please provide any precedent case(s) that WPLP is aware of which are comparable to the request made by WPLP in this application regarding the cost with WPLP's EPC contractor.
- d) Please provide an analysis of how the \$1.3 million of costs would impact the 2025 revenue requirement if treated as OM&A.

## Staff-48

Ref.: Exhibit I / Tab 2 / Schedule 1 / page 2

## Preamble

The application states in table 1 that:

The 2025 opening rate base allocated to Remote Connection Lines includes Contribution in Aid of Construction equal to \$487 million.

## Question(s)

- a) Please confirm if this amount is equal to the CIAC payment expected to be received in July 2024.

- b) If this is related to the expected CIAC payment in July 2024, please explain why this amount differs from the CIAC calculation of \$509 million as seen in Exhibit G, Tab 1, Schedule 1, Page 7.
- c) If this amount is not related to the expected CIAC payment in July 2024, please explain how the \$487 million was calculated.

**Staff-49**

**Ref.:** Exhibit I / Tab 2 / Schedule 1 / pages 2, 3 and 6

**Preamble**

On page 3, the application states:

Indirect OM&A costs for the 2025 test year are allocated 17.7% to the Line to Pickle Lake and 82.3% to the Remote Connection Lines. These percentages are calculated based on LTPL's and RCL's respective proportions of the 2025 gross fixed asset costs. Footnote 3 also states that WPLP has changed from using proportions of transmission system rate base to gross fixed assets as contribution in aid of construction should not impact allocation calculation.

On page 6, the application states:

Indirect operating costs are allocated based on their respective proportions of 2023 and 2024 transmission system rate base for each category.

**Question(s)**

- a) Please confirm whether indirect OM&A costs should be allocated to LTPL and RCL based on their respective proportions of the 2025 gross fixed asset costs as stated on page 3 or based on their respective proportions of 2023 and 2024 transmission system rate base as stated on page 6.

**Staff-50**

**Ref.:** Exhibit I / Tab 4 / Schedule 1 / pages 7 and 8

**Preamble**

On pages 7 and 8 the application states:

“The tables below show the calculation of the Nominal OEB-Approved Capital Costs...”. However, there are no tables provided in the relevant section.

**Question(s)**

- a) Please confirm if the table this section is referring to is the same as Table 2 found in Exhibit G, Tab 1, Schedule 1, Page 4.

**Staff-51**

**Ref.:** Exhibit I / Tab 4 / Schedule 1 / pages 5-8

**Preamble**

On March 12, 2018, a Memorandum of Understanding was established between WPLP, Canada and Ontario. A Federal Funding Framework was initially established where Canada will provide \$1.55 billion in funding to the independent Trust in relation to the Project, which amount is unchanged by the Amendment, and will serve to reduce the resulting ratepayer impact in two ways:

- a) a portion of the funding will be applied as a CIAC, reducing WPLP’s rate base in respect of the Remote Connection Lines; and,
- b) the remainder of the funding would be provided to an independent Trust which will use the funding to help offset the impacts of the Remote Connection Lines on RRRP for Ontario ratepayers.

An Amendment to the Trust Agreement under the Federal Funding Framework was made by the parties thereto to lessen the impact of COVID-19 for Ontario electricity ratepayers. Ontario, Canada and WPLP executed the Amendment to the Trust Agreement on June 6, 2024.

- a) Excludes the \$68.71M in COVID-19 costs, which were added to rate base in EB-2023-0168, in determining WPLP’s available Owner Equity. This change increases WPLP’s available Owner Equity under the Trust from \$458M to \$520M.
- b) Requires the independent Trust to make an additional CIAC to WPLP once (i) WPLP has settled or otherwise resolved the amounts that are the subject of ongoing commercial discussions with the EPC Contractor, (ii) WPLP has recorded such amounts in the EPC COVID-Related Costs Deferral Account, and (iii) the OEB has reviewed and approved the prudence of the amounts that may be added to WPLP’s rate base on disposition of the balance in the EPC COVID-Related Costs Deferral Account in a future application, inclusive of accumulated carrying costs.

**Question(s)**

- a) WPLP has indicated that further CIAC contributions will be made after the ongoing commercial discussions are resolved. Please provide an estimate of when these discussions are expected to conclude and when the additional CIAC contributions will be applied.
- b) Please confirm whether the additional CIAC will cover any amounts that are determined to be OM&A, as opposed to capital.
- c) Please discuss what measures WPLP proposed to mitigate the financial impact on ratepayers in the event of delays in receiving CIAC contributions.